

Maurice Hinchey NEWS

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Contact: Kevin O'Connell
202-225-6335

HINCHEY RESPONDS TO BUSH ADDRESS TO CONGRESS

WASHINGTON - U.S. Representative Maurice Hinchey (D-NY) this evening offered the following comments in response to President Bush's address to the joint session of Congress:

"Tonight President Bush gave a preview of the budget that he will present to Congress tomorrow. At the center of this proposed spending plan is a massive tax cut, the true cost of which is over \$2 trillion. Despite the president's assurances to the contrary, a tax cut of this magnitude would hurt our economy and deprive us of a golden opportunity to address the nation's most pressing needs.

"We cannot afford to repeat the mistakes of 1981, when a huge tax cut led to dramatic increases in budget deficits and an exponential rise in the national debt. The budget that was passed that year was the start of the worst economic downturn since the Great Depression. Within 90 days of passage in the House, long-term interest rates had risen by more than two full percentage points. Within a year of the White House signing ceremony, four million Americans had lost their jobs and unemployment rose to over 10 percent.

"Over the past eight years we've corrected the serious error made in 1981. It would be a disastrous decision to return to the policies that put us in such dire circumstances in the first place.

"We are now in a position to make an investment in our future at a level not seen in 40 years. We should immediately add a guaranteed prescription drug benefit for all Medicare beneficiaries so that our elderly and disabled citizens can afford desperately needed medicine. We also need to strengthen our public schools instead of diverting resources away from them. Infrastructure improvements must be made in order to maintain first-rate transportation and communication systems. Incentives to conserve energy and improve energy efficiency must be reestablished so that we can end our dependence on foreign oil. Programs and agencies that protect our environment must be continued and strengthened. We must also continue to pay down the debt to keep interest rates down. After all, an increase in interest rates is, in effect, a tax on those who need to borrow money. The Bush tax plan will not leave us with the resources to do any of these things adequately.

"In addition to being short-sighted and fiscally unwise, the Bush tax plan is also inherently unfair. Forty-three percent of its benefits would go to the wealthiest one percent of the country, those earning on average over \$900,000 a year. Meanwhile, one in three children live in

families that would not get any tax cut. So those who have profited the most from the economic prosperity of recent years will be given additional benefits and those who were never reached by the recovery receive no assistance.

"It is important to remember that the money taken from the budget for a tax cut has to be made up somewhere. The president's plan simply shifts more of the burden of running the government from the wealthiest Americans to those with more modest incomes and requires other forms of taxation to make up the loss in federal income tax revenue. Whether through other federal, state, or local taxes, or the inevitable increase in interest rates, the cost of this measure for most Americans will be far greater than the reward.

"I support a reasonable tax cut that would put more money in the pockets of all Americans and still allow us to grow our economy and improve the quality of our lives. President Bush is trying to lead us down a road we've already traveled. We should be smart enough to learn from our mistakes and resist the lure of this massive tax cut."

U.S. House of Representatives
2431 Rayburn House Office Building
Washington, D.C. 20515

Phone: 202-225-6335
E-mail: kevin.o'connell@mail.house.gov
Pager: 800-759-8888 PIN: 1386458